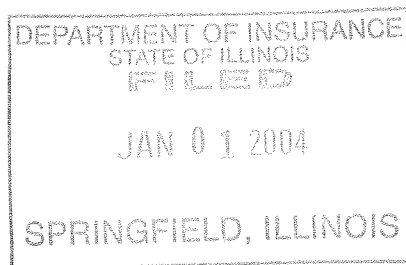


# **MEDICAL ALLIANCE INSURANCE COMPANY**

## **OCCURRENCE**

### **MANUAL OF RULES AND RATES**

**January 1, 2004**



**MEDICAL ALLIANCE INSURANCE COMPANY  
MEDICAL PROFESSIONAL LIABILITY  
OCCURRENCE INSURANCE PLAN**

**MANUAL OF RULES & RATES  
(Effective January 1, 2004)**

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**MEDICAL ALLIANCE INSURANCE COMPANY  
PHYSICIAN PROFESSIONAL LIABILITY  
OCCURRENCE INSURANCE PLAN**

**GENERAL RULES  
(Effective January 1, 2004)**

**I. GENERAL INSTRUCTIONS**

This manual contains the rules and rates governing the underwriting of Physician, Professional Entity and Physician Clinic Professional Liability insurance written on an occurrence policy form.

Additional exposure risks for which coverage is provided on or after the effective dates of any changes in this manual, either by endorsement of outstanding policies or by the issuance of separate policies, shall be written on the basis of the rates and rules in effect at the time the coverage is provided.

The following requirements shall be observed in the preparation of policies for insurance covered by this manual:

- A.** On policies issued to individuals, the NAMED INSURED shall be identified in the Declarations page by name, rating medical specialty and rating code number.

Additional insureds shall be identified on attaching endorsements either by name (in the case of a covered sole shareholder medical corporation) or by number (in the case of designated Allied Health Personnel employees).

- B.** On policies issued to professional entities whose qualification for said policy is established in **Appendix II**, the NAMED INSURED shall be identified on the Declarations page by its legal name.

Additional insureds shall be identified on attaching endorsements either by name (in the case of a legal entity), or by number (in the case of designated Allied Health Personnel employees).

- C.** On policies issued to physician clinics (whose qualification for said policy is established in Appendix IV), the NAMED INSURED shall be identified on the Declarations page by its legal name.

ADDITIONAL NAMED INSUREDS (who may be Doctors of Medicine, Doctors of Osteopathy or additional legal entity(ies)) shall be designated by the endorsement attached to the policy.

Additional insureds shall be identified on attaching endorsements either by name (in the case of a legal entity), or by number (in the case of designated Allied Health Personnel employees).

## **VI. LIMITS OF LIABILITY**

Manual rates and minimum premiums are calculated to provide optional basic limits of \$500,000, \$1,000,000 or \$2,000,000 "each person" and, subject to the foregoing, a corresponding annual aggregate of \$1,500,000, \$3,000,000 or \$4,000,000 respectively. These limits options apply only to the Physician and Professional Entities policies.

**Appendix IV** describes limits options available to the Physician Clinic policy.

Except for limited circumstances in the Physician Clinic policy, the inclusion of more than one insured under a policy shall not operate to increase the limits of **MEDICAL ALLIANCE INSURANCE COMPANY** liability.

Except with respect to physicians in solo practice and moonlighting residents, all physicians insured under this plan must carry limits of liability at least equal to the limits of liability carried by any employer whether such employer is:

- 1) a physician;
- 2) a professional entity; or,
- 3) a physician clinic.

## **VII. RATES AND PREMIUM CALCULATION**

- A. RATES.** Annual premiums applicable to individual physicians for each specialty, territory and limit of liability appear on the rate schedule at the beginning of Appendix I.

Premiums and rate categories for Allied Health Personnel (who may be either additional named insureds or additional insureds on the standard policy) appear on the rate schedule at the end of Appendix I.

- B. (a) RATED RISKS.** Every risk described in the "Annual Rates" (**Appendix I**) for which the symbol (a) appears in lieu of a specific rating designation and any other risk, risk procedure or technique not otherwise identified or defined in the appendices forming a part of this manual, shall be submitted to **MEDICAL ALLIANCE INSURANCE COMPANY** for rating.
- C. CALCULATION OF PREMIUM.** The premium shall be determined on the basis of the units of exposure existing at policy inception and shall be calculated in accordance with the applicable rates, and rating plans contained or referenced in this manual. The developed premium is billed on a quarterly basis and shall be rounded to the nearest whole dollar. (A premium involving \$.50 or more shall be rounded to the next higher whole dollar). Interim premium adjustments including endorsements shall be calculated pro rata.

**IX. ADDITIONAL INTERESTS (Cont'd.)**

**2. Medical Corporations**

Any medical corporation organized under the Professional Service Corporation Act of Illinois or the Medical Corporation Act of Illinois, but only if such medical corporation is solely (100%) owned by an individual physician, regardless of the number of physicians or other professional employees.

**B. ADDITIONAL CHARGE.** All other additional interests shall be submitted to **MEDICAL ALLIANCE INSURANCE COMPANY** for rating.

**X. UNDERWRITING PROCEDURE**

**A. PHYSICIAN COVERAGE**

1. Individuals must be insured through the issuance of a Physician Professional Liability Occurrence Insurance Plan.
2. If a physician employs another physician, all such employed physicians must be insured with **MEDICAL ALLIANCE INSURANCE COMPANY** and such insurance must be written with limits of liability at least equal to those carried by the employer physician.
3. If a physician's primary office practice and primary hospital practice exist within different territorial boundaries, the territory to be used for rating purposes shall be:
  - a. Non-surgical specialties
    - use primary office practice locations.
  - b. Surgical specialties including Anesthesiology, Cardiovascular Disease (MRP), Emergency Medicine, Family Practice (Not Primarily Major Surgery), General Practice (Not Primarily Major Surgery), Ophthalmic Surgery, Pathology, Radiology.
    - use primary hospital location
  - c. "Primary" means 51 % or more of the physician's total practice time spent in a given territory. In the event the physician does not practice to this extent in one territory, the higher rated territory shall be utilized.
4. If a physician practices in two or more territories, or, if hospital-based, the physician practices in two or more hospitals which are located within different territorial boundaries, the higher rated territory shall be utilized for rating purposes.
  - a. **NOTE:** See subsection A-3-c above.

**XI. PHYSICIAN SPECIALTY (Cont'd.)**

- B.** The physician specialty rating schedules and rules of this manual do not apply to physicians in active United States Military Service or to the government practice activity of physicians employed on a full or part-time basis by any government agency, institution or facility, other than a medical school or student health center.

Physicians, professional entities, or limited liability companies and physician clinics who render or furnish medical services within any government-owned or operated institution or facility (except a medical school, a facility owned or operated by a medical school, a student health center) on a fee-for-service (independent contractor) basis shall be subject to (a) rating.

**XII. SUPPLEMENTARY RULES**

**A. SPECIAL RULES GOVERNING PHYSICIAN RATING.**

For purposes of reference and application, the following rules are listed and defined:

1. **NEWLY PRACTICING PHYSICIAN PREMIUM DISCOUNT RULE.** (See **Appendix I, Explanatory Note II**)
2. **PART-TIME RATING RULE.** (See **Appendix I, Explanatory Note III**)
3. **SUSPENDED COVERAGE RULE.** (See **Appendix I, Explanatory Note IV**)
4. **CHANGE IN SPECIALTY/LIMITS OF LIABILITY MINIMUM DURATION RULE.** Physicians who voluntarily request either a decrease or increase in specialty assignment, or policy limits may not request a further change in specialty assignment or policy limits until a period of three months has elapsed. (NOTE: This rule shall not apply when it conflicts with any other underwriting rule in this plan.)
5. Notwithstanding any of the provisions of subparagraphs A-4 and A-5, no physician may voluntarily request a concurrent decrease or increase in rating assignment with a decrease or increase in limits of liability and then request another increase in limits of liability until a period of six months has elapsed.
6. **LOSS FREE DISCOUNT.** (See **Appendix I, Explanatory Note VI**)



## **XV. ENDORSEMENTS AND FORMS USED IN THIS PLAN**

<b><u>Title</u></b>	<b><u>Form Number</u></b>
Additional Insured Endorsement	MAIC-E001-0
Additional Named Insured with Sole Shareholder Corporation	MAIC-E002-0
Additional "Named Insured" Endorsement	MAIC-E003-0
Additional "Named Insured" Deletion Endorsement	MAIC-E004-0
Address Change Endorsement	MAIC-E005-0
Annual Physician Statement	MAIC-E006-0
Semi-Annual Physician Statement	MAIC-E007-0
Quarterly Physician Statement	MAIC-E008-0
Auditable Premium Endorsement	MAIC-E009-0
Consent to Settle	MAIC-E051-0
Certificate of Insurance	MAIC-C001-0
Controlled Substances Exclusion	MAIC-E010-0
County Change Endorsement	MAIC-E052-0
Declarations Page	MAIC-D001-0
DPR Conditions Endorsement	MAIC-E011-0
Deletion Endorsement	MAIC-E012-0
Doing Business As (DBA)	MAIC-E013-0
Emergency Medicine Exclusion Coverage Endorsement	MAIC-E014-0
Free Form Endorsement	MAIC-E015-0
Free Medical Clinic Coverage Endorsement	MAIC-E016-0
Higher Limits for the Named Insured	MAIC-E017-0
Limited Vicarious Liability	MAIC-E018-0
Limit Change	MAIC-E019-0
Locum Tenens Coverage	MAIC-E020-0
Medical Training Coverage	MAIC-E021-0
"Named Insured" No Coverage Endorsement	MAIC-E022-0
Medical Procedure Exclusion Endorsement	MAIC-E023-0
Multi- To-Sole Shareholder Corporation Endorsement	MAIC-E024-0

# MEDICAL ALLIANCE INSURANCE COMPANY

Proposed January 1, 2004 Rates

ANNUAL OCCURRENCE RATES \$1 Million / \$3 Million

SPECIALTIES	Cook, Madison, Jackson, Lake, DuPage, Kane, Champaign, Kankakee, Macon, Bureau, Coles, Dekalb, Effingham, LaSalle, Sangamon, Winnebago, Ogle, Randolph, Remainder of Illinois					
	St. Clair, Will	Vermilion	McHenry	Sangamon, Winnebago	Ogle, Randolph	Remainder of Illinois
54 Allergy/Immunology-NMRP	18,356	16,640	15,780	14,064	12,348	10,632
80151 Anesthesiology	42,668	38,520	36,448	32,300	28,152	24,004
81076 Bariatrics	29,796	26,936	25,504	22,644	19,784	16,924
82042 Cardiac Surgery-MRP, NMajS	46,960	42,380	40,092	35,516	30,940	26,364
80141 Cardiac Surgery	144,208	129,908	122,756	108,456	94,152	79,852
80255 Cardiovascular Disease NMRP, NS	29,796	26,936	25,504	22,644	19,784	16,924
82058 Cardiovascular Disease SMRP	46,960	42,380	40,092	35,516	30,940	26,364
80281 Cardiovascular Disease MRP	64,120	57,828	54,680	48,388	42,096	35,804
85004 Colon Surgery	64,120	57,828	54,680	48,388	42,096	35,804
80256 Dermatology SMRP	21,216	19,212	18,212	16,208	14,208	12,204
80237 Diabetes-NMRP	29,796	26,936	25,504	22,644	19,784	16,924
80102 Emergency Medicine-NMajS, prim	64,120	57,828	54,680	48,388	42,096	35,804
80157 Emergency Medicine-MajS	75,560	68,124	64,408	56,968	49,532	42,096
80238 Endocrinology-NMRP	21,216	19,212	18,212	16,208	14,208	12,204
80239 Family Practice NMRP, NS	29,796	26,936	25,504	22,644	19,784	16,924
80273 Family Practice MRP, NMajS	49,820	44,956	42,524	37,664	32,800	27,936
83009 Family Practice LMajRP	64,120	57,828	54,680	48,388	42,096	35,804
80240 Forensic Medicine-NMRP	18,356	16,640	15,780	14,064	12,348	10,632
80241 Gastroenterology MRP	42,668	38,520	36,448	32,300	28,152	24,004
80242 General Practice NMRP, NS	29,796	26,936	25,504	22,644	19,784	16,924
80275 General Practice MRP, NMajS	49,820	44,956	42,524	37,664	32,800	27,936
80117 General Practice NMajS, prim	64,120	57,828	54,680	48,388	42,096	35,804
82074 General Surgery-MRP, NMajS	46,960	42,380	40,092	35,516	30,940	26,364
80143 General Surgery	95,584	86,144	81,424	71,988	62,548	53,108
80243 Geriatrics	18,356	16,640	15,780	14,064	12,348	10,632
81050 Gynecology-NMRP, NS	29,796	26,936	25,504	22,644	19,784	16,924
80277 Gynecology/Obstetrics-MRP,NmajS	58,400	52,680	49,820	44,096	38,376	32,656
86053 Gynecological Surgery	75,560	68,124	64,408	56,968	49,532	42,096
82044 Hand Surgery-MRP,NMajS	46,960	42,380	40,092	35,516	30,940	26,364
80169 Hand Surgery	75,560	68,124	64,408	56,968	49,532	42,096
80170 Head/Neck Surgery	75,560	68,124	64,408	56,968	49,532	42,096
80245 Hematology	29,796	26,936	25,504	22,644	19,784	16,924
80233 Industrial Medicine	29,796	26,936	25,504	22,644	19,784	16,924
80246 Infectious Disease	35,516	32,084	30,368	26,936	23,504	20,072
80257 Internal Medicine NMRP	35,516	32,084	30,368	26,936	23,504	20,072
80284 Internal Medicine MRP	46,960	42,380	40,092	35,516	30,940	26,364
15 Neonatology	115,608	104,164	98,444	87,004	75,560	64,120
30 Nephrology-NMRP	29,796	26,936	25,504	22,644	19,784	16,924
80287 Nephrology-MRP	39,808	35,944	34,106	30,152	26,292	22,432
80261 Neurology-NMRP	46,960	42,380	40,092	35,516	30,940	26,364
81045 Neurosurgery-NMRP,NMajS	29,796	26,936	25,504	22,644	19,784	16,924
82045 Neurosurgery-MRP,NMajS	46,960	42,380	40,092	35,516	30,940	26,364
80152 Neurosurgery	235,740	212,284	200,556	177,104	153,648	130,192
80262 Nuclear Medicine-NMRP	29,796	26,936	25,504	22,644	19,784	16,924
80153 Obstetrical/Gynecological Surgery	144,208	129,908	122,756	108,456	94,152	79,852
80079 Occupational Medicine-NMRP	18,356	16,640	15,780	14,064	12,348	10,632
80259 Oncology	35,516	32,084	30,368	26,936	23,504	20,072
80263 Ophthalmology-NS	21,216	19,212	18,212	16,208	14,208	12,204
80114 Ophthalmic Surgery	35,516	32,084	30,368	26,936	23,504	20,072
81057 Orthopaedics-NMRP, NS	29,796	26,936	25,504	22,644	19,784	16,924
82025 Orthopaedics-MRP, NMajS	46,960	42,380	40,092	35,516	30,940	26,364
86026 Orthopaedic Surgery w/o Spine	132,768	119,612	113,032	99,876	86,716	73,560
80154 Orthopaedic Surgery w/ Spine	158,512	142,780	134,912	119,180	103,448	87,716
80060 Otorhinolaryngology-NMRP,NS	18,356	16,640	15,780	14,064	12,348	10,632
80291 Otorhinolaryngology-MRP,NMajS	46,960	42,380	40,092	35,516	30,940	26,364
80159 Otorhinolaryngology; No Elective Plastic	64,120	57,828	54,680	48,388	42,096	35,804
80155 Otorhinolaryngology; Head/Neck	75,560	68,124	64,408	56,968	49,532	42,096
86155 Otorhinolaryngology Other Than Head/Neck	115,608	104,164	98,444	87,004	75,560	64,120
80082 Pathology-NMRP	21,216	19,212	18,212	16,208	14,208	12,204
80267 Pediatrics-NMRP	29,796	26,936	25,504	22,644	19,784	16,924
80293 Pediatrics-MRP	46,960	42,380	40,092	35,516	30,940	26,364
80235 Physical Medicine & Rehab-NMRP	18,356	16,640	15,780	14,064	12,348	10,632
80156 Plastic Surgery	115,608	104,164	98,444	87,004	75,560	64,120
80249 Psychiatry	21,216	19,212	18,212	16,208	14,208	12,204
80236 Public Health & Preventive Med. NMRP	18,356	16,640	15,780	14,064	12,348	10,632
80269 Pulmonary Diseases	39,808	35,944	34,106	30,152	26,292	22,432
80253 Radiology NMRP	39,808	35,944	34,106	30,152	26,292	22,432
80280 Radiology-MRP	46,960	42,380	40,092	35,516	30,940	26,364
83033 Radiology-MajRP	64,120	57,828	54,680	48,388	42,096	35,804
87047 Radiation Oncology	35,516	32,084	30,368	26,936	23,504	20,072
80252 Rheumatology	21,216	19,212	18,212	16,208	14,208	12,204
81065 Thoracic Surgery-NMRP, NS	29,796	26,936	25,504	22,644	19,784	16,924
80144 Thoracic Surgery	144,208	129,908	122,756	108,456	94,152	79,852
15 Urological Surgery	58,400	52,680	49,820	44,096	38,376	32,656
40 Urology-MRP, NMajS	46,960	42,380	40,092	35,516	30,940	26,364
82050 Vascular Surgery-MRP, NMajS	46,960	42,380	40,092	35,516	30,940	26,364
80146 Vascular Surgery	144,208	129,908	122,756	108,456	94,152	79,852
80086 Physician, Clinical Practice Not Insurable						
80179 Retired, Not in Practice						
80085 Physician, No Clinical Practice						

**MEDICAL ALLIANCE INSURANCE COMPANY**

Proposed January 1, 2004 Rates

**ANNUAL OCCURRENCE RATES \$1 Million / \$3 Million**

<b>DE</b>	<b>SPECIALTIES</b>	<b>Cook, Madison,</b>	<b>Jackson, Lake,</b>	<b>DuPage, Kane,</b>	<b>Champaign,</b>	<b>Bureau, Coles, Dekalb,</b>	<b>Remainder</b>
		<b>St. Clair, Will</b>	<b>Vermilion</b>	<b>McHenry</b>	<b>Kankakee, Macon,</b> <b>Sangamon, Winnebago</b>	<b>Effingham, LaSalle,</b> <b>Ogle, Randolph</b>	
82	Phys Treating Patients in Free Med Clinic						
80084	Other, Specialty NOC	18,356	16,640	15,780	14,064	12,348	10,632
88002	Other, Specialty NOC	21,216	19,212	18,212	16,208	14,208	12,204
88003	Other, Specialty NOC	26,936	24,360	23,076	20,500	17,924	15,352
80268	Other, Specialty NOC	29,796	26,936	25,504	22,644	19,784	16,924
88005	Other, Specialty NOC	35,516	32,084	30,368	26,396	23,504	20,072
88006	Other, Specialty NOC	35,516	32,084	30,368	26,936	23,504	20,072
88007	Other, Specialty NOC	39,808	35,944	34,106	30,152	26,292	22,432
80294	Other, Specialty NOC	46,960	42,380	40,092	35,516	30,940	26,364
88009	Other, Specialty NOC	42,668	38,520	36,448	32,300	28,152	24,004
88010	Other, Specialty NOC	58,400	52,680	49,820	44,096	38,376	32,656
83041	Other, Specialty NOC	64,120	57,828	54,680	48,388	42,096	35,804
84042	Other, Specialty NOC	75,560	68,124	64,408	56,968	49,532	42,096
88013	Other, Specialty NOC	95,584	86,144	81,424	71,988	62,548	53,108
88014	Other, Specialty NOC	115,608	104,164	98,444	87,004	75,560	64,120
85043	Other, Specialty NOC	124,188	111,888	105,736	93,440	81,140	68,840
88016	Other, Specialty NOC	132,768	119,612	113,032	99,876	86,716	73,560
86044	Other, Specialty NOC	144,208	129,908	122,756	108,456	94,152	79,852
88018	Other, Specialty NOC	158,512	142,780	134,912	119,180	103,448	87,716
88019	Other, Specialty NOC	49,820	44,956	42,524	37,664	32,800	27,936
87045	Other, Specialty NOC	235,740	212,284	200,556	177,104	153,648	130,192
88046	For Non-Standard Use						

REFER TO COMPANY

## APPENDIX I

### EXPLANATORY NOTES:

- I. Territory 01 includes the Counties of Cook, Madison, St. Clair and Will.
- Territory 01A includes the Counties of Jackson, Lake and Vermilion.
- Territory 01B includes the Counties of DuPage, Kane and McHenry.
- Territory 02 includes the Counties of Champaign, Kankakee, Macon Sangamon and Winnebago.
- Territory 02A includes the Counties of Bureau, Coles, DeKalb, Effingham, LaSalle, Ogle, and Randolph.
- Territory 03 includes the remaining Counties in Illinois
- II. The following defines the medical procedure terms parenthetically referenced in the listing of medical specialty designations/rates.
- A. **Specified Minor Risk Procedures (SMRP)**
- Cardiologists**
- Assisting in surgery, insertions of cardiac pacemaker (temporary or permanent), pericardiocentesis.
- Cardiologists who perform the specified risk procedures listed will be rated accordingly. Performance of other minor risk procedures not specified will increase the premium charge.
- B. **Minor Risk Procedures (MRP)**
- Except as noted under A. 1, physicians with nominal specialty designation/risk notation of NMRP performing any of the following minor risk procedures will be assigned to a specialty designation/risk notation of MRP.
1. Angiography/Arteriography.
  2. Assisting in the performance of surgery.
  3. Arterial, venous, cardiac or other diagnostic catheterization (includes insertion of cardiac pacemaker whether temporary or permanent). This does not apply to Swan-Ganz, umbilical cord or urethral catheterization or arterial line in a peripheral vessel, which are covered under a specialty designation/risk notation of NMRP.

## APPENDIX I

### EXPLANATORY NOTES:

#### **B. Minor Risk Procedures (MRP) (Cont'd.)**

21. Uncomplicated obstetrical care either prenatal (which may include amniocentesis) and post-partum only, and/or cephalic vaginal deliveries performed in a hospital which may also include episiotomy and application of low forceps only.
22. Vaginal Birth After C-section (V-BAC). Physician must consult with another physician qualified to perform C-sections during the prenatal course, and must arrange for appropriate backup during delivery with a physician qualified to perform C-sections who is within 20 minutes traveling time of the hospital.

#### **C. Major Risk Procedures--Limited Performance (LMajRP)**

Performance of major risk procedures by a physician increases the premium charge if these activities represent more than an incidental portion of the physician's practice:

##### **1. Obstetrical Procedures:**

Cesarean section; mid-forceps delivery; version and extraction; breech extraction; multiple gestation.

##### **2. Orthopaedic Procedures:**

Closed reduction of dislocations other than fingers, toes and shoulders; open reduction of fractures or dislocations; amputations (other than digits); any fracture of the pelvis that is displaced and/or involves concomitant injury to adjacent or subjacent organs due to the fracture; any fracture of the vertebrae that is dislocated and/or involves concomitant injury to the spinal cord or other adjacent or subjacent organs due to the fracture; or orthopaedic surgery including obtaining an iliac crest bone graft and open procedures on the coccyx but excluding open procedures on the rest of the spine.

##### **3. Abortions:**

Induced, non-spontaneous.

##### **4. Other Major Surgery Procedures:**

Generally attributable to Specialists of Obstetrics, Gynecology, Orthopaedic, General, Cardiac, Vascular, Plastic Surgery, etc.

## APPENDIX I

### **EXPLANATORY NOTES:**

#### **E. Major Risk Procedures**

Notwithstanding any other provision of paragraphs C. and D., the following procedures are rated as follows:

1. Gastroplasty, gastric stapling, gastric partitioning or any like surgical procedure for the treatment of morbid obesity, obesity or weight reduction, will be rated similarly to that of General Surgery.
2. Temporomandibular Joint Surgery including total replacement, arthroscopy, alloplastic implants or meniscal repair via plication, will be rated similarly to that of Orthopaedics Without Spinal Surgery.
3. Chorionic Villi Sampling will be rated similarly to that of Obstetrical/ Gynecological Surgery.
4. Spinal Surgery, Chemonucleolysis will be rated similarly to that of Orthopaedics With Spinal Surgery.
5. Neurosurgery, Gamma Knife (Leskell Gamma Radiosurgical Unit) will be rated similarly to that of Neurosurgery.

### **III. Newly Practicing Physician Premium Discount Rules**

- A.** Applicable to any physician who, as of the inception date of insurance in the **MEDICAL ALLIANCE** program, is entering the practice of medicine for the first time or has been in practice for less than 36 months following:

1. Attainment of medical license; or,
2. Completion of residency or fellowship training including completion by an established practitioner of training in a different medical specialty in which the physician intends to practice; or,
3. Completion of military service or other extended government service (e.g., National Health Service Corps., etc.)

**NOTE:** A physician who is insured for "moonlighting" activity while still enrolled in a medical training program is ineligible for a premium discount under this rule.

## APPENDIX I

### EXPLANATORY NOTES:

#### IV. Part-Time Rating Rules

A. The following part-time categories may be applicable to the individual physician if the criteria established in paragraphs B and C are met by such physician:

1. Individual physician is "Retired, Not in Practice".
  - a. Coverage afforded under the Physician Professional Liability Occurrence Insurance Plan is limited to the occasional treatment of friends and relatives without remuneration.
  - b. The premium shall be 20% of the rate applicable to the lowest specialty designation based on the individual physician's territory and limits of liability which appears on the rate schedule in **Appendix I.**
2. Individual physician whose "average weekly practice time" is not more than 10 hours per week. **Exception: Not more than 12 hours per week for Emergency Room Medicine.**
  - The premium shall be 27.5% of the rate applicable to the individual physician's specialty designation, territory and limits of liability which appears on the rate schedule in **Appendix I.**
3. Individual physician whose "average weekly practice time" is 10 hours or more, but not more than 21 hours per week. **Exception: Not more than 24 hours per week for Emergency Room Medicine.**
  - The premium shall be 60% of the rate applicable to the individual physician's specialty designation, territory and limits of liability which appears on the rate schedule in **Appendix I.**
4. Individual physician whose "average weekly practice time" is 22 hours or more per week.
  - The premium shall be 100% of the rate applicable to the individual physician's specialty designation, territory and limits of liability which appears on the rate schedule in **Appendix I.**

## APPENDIX I

### EXPLANATORY NOTES:

3. Any professional activity for which coverage is not desired, and which requires the issuance of an exclusionary endorsement attached to the individual physician's policy with respect to such activity, shall be considered in the application of subparagraphs C-1 and C-2. Verification of coverage for such activity must be received by MEDICAL ALLIANCE INSURANCE COMPANY.
  4. Notwithstanding any of the provisions of subparagraphs C-1, C-2 and C-3, a physician who schedules patient appointments more than four days per week may not be considered for part-time rating. This includes patient contact in a hospital, surgi center, emergi center or other out-patient facility.
  5. Notwithstanding any of the provisions of subparagraphs C-1, C-2, C-3 and C-4, no physician who practices more than 26 weeks per year may be considered for part-time rating.
  6. Upon establishment of the aforementioned criteria, a Part-Time Coverage Endorsement shall be attached to the policy.
- D. Individual physicians with a nominal specialty designation/risk notation of NMRP, MRP, SMRP or LMajRP, who in addition to their specialty practice also engage in emergency room services, other than for the purpose of satisfying hospital staff privilege requirements, may be eligible for composite rating as follows:
1. 22 hours per week or more of specialty practice subject to not more than 24 hours per week of emergency room services.
    - The premium shall be the sum of 50% of the rate applicable to a specialty designation/risk notation of NMRP, MRP, SMRP or LMajRP, and 50% of the rate applicable to Emergency Medicine--NMajS, prim. based on the individual physician's territory and limits of liability which appear on the rate schedule in **Appendix I**.
  2. 25 hours per week or more of emergency room services.
    - The premium shall be 100% of the rate applicable to Emergency Medicine--NMajS, prim., the individual physician's territory and limits of liability which appears on the rate schedule in **Appendix I**.



## APPENDIX I

### EXPLANATORY NOTES:

#### V. Suspended Coverage Rules (Cont'd.)

- (3) The suspended coverage rate reduction does not apply to any other charges used in developing the policy premium (e.g., surcharges, additional insureds, etc.), nor, does it estop the passage of time applicable to the Newly Practicing Physician Premium Discount.

- C. If leave of absence is for one (1) year or longer

The policy should be canceled. Reinstatement will be subject to re-underwriting.

#### VI. Locum Tenens (Additional Insured)

- A. Locum Tenens Coverage is required when a physician is temporarily substituting for a MEDICAL ALLIANCE insured physician if the substituting physician either does not have professional liability insurance or has limited insurance that would not cover him/her for such substituting activities. The substituting physician can be added for coverage as an "Additional Insured" under the MEDICAL ALLIANCE insured physician's policy by means of endorsement, "Additional Insured - Locum Tenens Coverage Endorsement", the use of which is governed by the rules set forth below.
- B. The premium shall be the rate applicable to the Locum Tenens' specialty designation and the MEDICAL ALLIANCE insured physician's territory and limits of liability multiplied by the applicable percentage as specified below in the accompanying chart:

<u>NUMBER OF DAYS EXPECTED SUBSTITUTION</u>	<u>PERCENTAGE</u>
1 to 30 days	0%
31 to 60 days	35%
61 to 90 days	65%

## APPENDIX I

### EXPLANATORY NOTES:

#### **VII. Loss-Free Discount**

Existing policyholders may qualify for a discount in premium based on the following criteria:

- A. The existing policyholder must have been insured continuously during the experience period. The experience period will be measured from the policyholder's first date of coverage to the policy expiration date. See chart below.
- B. The existing policyholder must have incurred no indemnity payments (i.e., no indemnity payment made) during the experience period.
- C. Experience Periods and Applicable Discounts

<u>Years</u>	<u>Discount Applied</u>
3	3%
4	6%
5	8%
6	10%
7	12%
8	17%
9	18%
10	19%
11+	19.5%

New business applicants may qualify for a loss-free discount except that the experience period will be measured annually from the applicant's first date of coverage. Proof of loss-free must be submitted to Medical Alliance Insurance Company from the applicant's prior carrier(s).

Note: This will not apply to any new business effective July 1, 2003 and after.

- C. Applies to all medical specialties except "Physician, Treating Patients in Free Medical Clinic."

# MEDICAL ALLIANCE INSURANCE COMPANY

Proposed January 1, 2004 Rates  
ANNUAL OCCURRENCE RATES \$1 Million / \$3 Million

	Champaign, Kankakee, Macon, Sangamon, Winnebago			Bureau Coles, DeKalb Effingham, LaSalle, Ogle, Randolph		Remainder of Illinois
<u>SPECIALTIES</u>	<u>Cook, Madison, St. Clair, Will</u>	<u>Jackson, Lake, Vermillion</u>	<u>DuPage, Kane, McHenry</u>			
Emergency Physicians*	9.65	9.65	9.65	9.65	9.65	9.65
Urgent Care Physicians*	5.55	5.55	5.55	5.55	5.55	5.55
Occupational Health*	2.40	2.40	2.40	2.40	2.40	2.40

\* per patient rate

MEDICAL ALLIANCE INSURANCE COMPANY  
ALLIED HEALTH CARE PROFESSIONALS  
OCCURRENCE RATES  
TERRITORY 1

Description	1,000,000/3,000,000		2,000,000/4,000,000	
	Separate Limits	Shared Limits	Separate Limits	Shared Limits
Health Sciences - Physicist or Biologist	1,610	805	1,932	966
Health Sciences - All Others	a	a	a	a
Chiropractor	4,858	2,429	5,830	2,915
Chiropractor Assistant	599	300	719	360
Chiropractor - All Others	a	a	a	a
Lab Services - Supervisor/Director	653	326	783	392
Medical Technician	365	183	438	219
X-ray Technician	359	180	431	216
EEG/EKG/Ultrasound Technician	365	183	438	219
Lab Services - All Others	a	a	a	a
Dietician/Nutritionist	408	204	489	245
Nutritional Services - All Others	a	a	a	a
Nurse Midwife	13,904	6,952	16,685	8,342
Midwife Assistant	10,428	5,214	12,514	6,257
Midwifery - All Others	4,173	2,086	5,008	2,504
Nurse	227	114	273	136
Aide/Homemaker	132	66	158	79
Nurse Services - All Others	a	a	a	a
Occupational Therapist	1,144	572	1,373	686
Occupational Therapy - Assistant	418	209	501	251
Occupational Therapy - All Others	a	a	a	a
Optician	365	183	438	219
Opticianry - All Others	a	a	a	a
Optometrist	1,177	588	1,412	706
Optometry - Assistant/Technician	388	194	466	233
Optometrist - All Others	a	a	a	a
Orthotist/Prosthetist - Fitting Only	2,651	1,326	3,181	1,591
Orthotist/Prosthetist - All Others	a	a	a	a
Pharmacist	472	236	566	283
Pharmacy Assistant	243	121	291	146
Pharmacy - All Others	a	a	a	a
Physical Therapist, Owner, partner, officer	1,121	560	1,345	672
Physical Therapy - Assistant/Aide/Technician	439	219	527	263
Physical Therapist - Employed	647	323	776	388
Physical Therapist, Owner, partner, officer (APTA - PPS)	1,121	560	1,345	672
Physical Therapy - Assistant/Aide/Technician (APTA - PPS)	439	219	527	263
Physical Therapist - Employed (APTA - PPS)	647	323	776	388
Physical Therapy - All Others	a	a	a	a
Nurse Practitioner	2,098	1,049	2,517	1,259
Physicians/Surgeons/Anesthesiology Assistant	2,098	1,049	2,517	1,259
Perfusionist	5,310	2,655	6,372	3,186
Physician Extender - All Others	a	a	a	a
Podiatrist	a	a	a	a
Podiatric Assistant	a	a	a	a
Podiatric Medicine - All Others	a	a	a	a
Psychologist	1,352	676	1,622	811
Psychology - All Others	a	a	a	a
Respiratory Therapist	1,262	631	1,515	757
Respiratory Therapy - Assistant/Aid/Technician	303	151	364	182
Respiratory Therapy - All Others	a	a	a	a
Social Worker	486	243	583	291
Social Work - All Others	a	a	a	a
Paramedic/EMT	597	299	717	358
Medical Office Assistant	132	66	158	79
Operating Room Technician	379	189	454	227
Health Services - All Others	a	a	a	a
Dental Hygienist	216	108	259	129
Certified Registered Nurse Anesthetist	6,827	3,414	8,193	4,096
Student Nurse Anesthetist	2,390	1,195	2,868	1,434

MEDICAL ALLIANCE INSURANCE COMPANY  
ALLIED HEALTH CARE PROFESSIONALS  
OCCURRENCE RATES  
REMAINDER OF STATE

Description	1,000,000/3,000,000		2,000,000/4,000,000	
	Separate Limits	Shared Limits	Separate Limits	Shared Limits
Health Sciences - Physicist or Biologist	1,451	725	1,741	870
Health Sciences - All Others	a	a	a	a
Chiropractor	4,378	2,189	5,253	2,627
Chiropractor Assistant	540	270	648	324
Chiropractor - All Others	a	a	a	a
Lab Services - Supervisor/Director	588	294	706	353
Medical Technician	329	165	395	197
X-ray Technician	324	162	389	194
EEG/EKG/Ultrasound Technician	329	165	395	197
Lab Services - All Others	a	a	a	a
Dietician/Nutritionist	368	184	441	221
Nutritional Services - All Others	a	a	a	a
Nurse Midwife	12,528	6,264	15,034	7,517
Midwife Assistant	9,396	4,698	11,275	5,638
Midwifery - All Others	3,760	1,880	4,512	2,256
Nurse	205	102	246	123
Aide/Homemaker	119	60	143	71
Nurse Services - All Others	a	a	a	a
Occupational Therapist	1,031	515	1,237	618
Occupational Therapy - Assistant	376	188	452	226
Occupational Therapy - All Others	a	a	a	a
Optician	329	165	395	197
Opticianry - All Others	a	a	a	a
Optometrist	1,061	530	1,273	636
Optometry - Assistant/Technician	350	175	420	210
Optometrist - All Others	a	a	a	a
Orthotist/Prosthetist - Fitting Only	2,389	1,194	2,867	1,433
Orthotist/Prosthetist - All Others	a	a	a	a
Pharmacist	425	213	510	255
Pharmacy Assistant	219	109	263	131
Pharmacy - All Others	a	a	a	a
Physical Therapist, Owner, partner, officer	1,010	505	1,212	606
Physical Therapy - Assistant/Aide/Technician	396	198	475	237
Physical Therapist - Employed	583	291	699	350
Physical Therapist, Owner, partner, officer (APTA - PPS)	1,010	505	1,212	606
Physical Therapy - Assistant/Aide/Technician (APTA - PPS)	396	198	475	237
Physical Therapist - Employed (APTA - PPS)	583	291	699	350
Physical Therapy - All Others	a	a	a	a
Nurse Practitioner	1,890	945	2,268	1,134
Physicians/Surgeons/Anesthesiology Assistant	1,890	945	2,268	1,134
Perfusionist	4,785	2,392	5,741	2,871
Physician Extender - All Others	a	a	a	a
Podiatrist	a	a	a	a
Podiatric Assistant	a	a	a	a
Podiatric Medicine - All Others	a	a	a	a
Psychologist	1,218	609	1,462	731
Psychology - All Others	a	a	a	a
Respiratory Therapist	1,138	569	1,365	683
Respiratory Therapy - Assistant/Aid/Technician	273	137	328	164
Respiratory Therapy - All Others	a	a	a	a
Social Worker	438	219	525	263
Social Work - All Others	a	a	a	a
Paramedic/EMT	538	269	646	323
Medical Office Assistant	119	60	143	71
Operating Room Technician	341	171	410	205
Health Services - All Others	a	a	a	a
Dental Hygienist	194	97	233	117
Certified Registered Nurse Anesthetist	6,152	3,076	7,382	3,691
Student Nurse Anesthetist	2,153	1,077	2,584	1,292

**PROFESSIONAL ENTITY  
LIABILITY RULES AND RATES**

**A. ELIGIBILITY**

To be eligible for Medical Alliance Insurance Company Professional Entity Professional Liability Insurance, a partnership, \*sole shareholder medical corporation, or multi-shareholder medical corporation must conduct a medical business that is owned and operated by physicians for the purpose of providing patient services. Such services must be related to the physician owners medical practice specialty, or professional qualifications and be rendered by the physician owners, or other qualified physicians and/or allied health personnel employed by the physician owners in the name of the professional entity.

(\*Insurance for sole shareholder professional entities where separate limits of liability are not desired is provided by endorsement as an additional insured.)

**B. INSURABILITY**

Determination of eligibility is made on the basis of a completed insurance application form entitled "Application for Medical Partnership/Corporation Professional Liability." If the medical business to be insured is otherwise eligible, it is mandatory that all physician partners, shareholders, officers, directors and employees of the partnership or medical corporation be individually insured with MEDICAL ALLIANCE INSURANCE COMPANY for limits of liability at least equal to those desired by the partnership or, medical corporation.

**Exception:** The requirements for individual insurance with MEDICAL ALLIANCE INSURANCE COMPANY may be waived without affecting the partnership's or medical corporation's eligibility, under circumstances where a partner, shareholder, officer, director or employed physician has no need for or cannot obtain personal professional liability insurance with MEDICAL ALLIANCE INSURANCE COMPANY (e.g., a retired physician, a physician on leave of absence, a physician not primarily practicing in the State of Illinois, a physician declined for underwriting reasons, etc.). In such cases, the policy issued to the professional entity by MEDICAL ALLIANCE INSURANCE COMPANY shall be endorsed to exclude liability arising out of the acts or omissions of any such uninsured physician.

### RISK CHARACTERISTIC SURCHARGE PLAN

- A.** The Risk Characteristic surcharge plan is a fundamental element in the ISMIE Professional Liability Program. It establishes a review format for professional risk evaluation of physicians, by physicians, and provides an effective risk control mechanism for mitigating potential loss exposures. The objective of the Surcharge Plan is to encourage insured physicians to maintain high professional standards, thereby ensuring quality patient care and the stability of this professional liability program.
- B.** The following characteristics shall be considered in determining individual risk surcharges (i.e., percentage increase of standard premium) under the ISMIE Professional Liability Program:

<u>CHARACTERISTICS</u>	<u>TIER EVALUATION</u>
1. Anyone claim (open or closed) found to involve questionable judgment or procedure as determined by the underwriting committee.	<b>TIER 1</b>
2. Anyone claim (open or closed) involving significant questionable judgment or procedure; or practice in an area significantly beyond training or competency; or any two claims (open or closed) involving questionable judgment or procedure as determined by the underwriting committee.	<b>TIER 2</b>
3. Anyone claim (open or closed) involving negligence; or three or more cases (open or closed) involving questionable judgment or procedure; two or more cases (open or closed) involving significant questionable judgment or procedure; or a combination of these characteristics regardless of disposition as determined by the underwriting committee or claim frequency as determined by specialty; or any other adverse underwriting characteristics such as, but not limited to, hospital staff privileges subject to disciplinary action, Licensing Board disciplinary action, etc.	<b>TIER 3</b>

### APPENDIX III

4. Surcharges shall remain in effect in accordance with the following table:

<u>SURCHARGE %</u>	<u>DURATION</u>
25%	12 Months
50%	24 Months
75%	24 Months minimum, subject to reevaluation by the underwriting committee at the expiration of 24 months.
100-200%	24 Months minimum, subject to re-evaluation by the underwriting committee at the expiration of 12 months.

5. Imposition of surcharges and other indicated actions may be accomplished by the underwriting committee. Surcharges and other indicated actions may be reconsidered by the originating source or may be reviewed by the underwriting committee in accordance with the following criteria, providing the applicant or insured requests such reconsideration or review in writing within six months following notification by the Company:

**NOTE:** The insured is obliged to make payment of the surcharge during the pendency of the reconsideration or review process. If the surcharge is eliminated or reduced, the decision shall be applied retroactive to the original effective date of surcharge.

6. The imposition of a surcharge disqualifies an insured from receiving any discount offered to participants of a group program, (e.g., IPA, network or purchasing group).
7. A medical procedure exclusion, practice activity exclusion, and/or a curtailment of policy limits of liability may be imposed at the inception of the policy or any policy renewal thereafter. Any of these actions qualifies for review by the underwriting committee, provided the insured requests such reconsideration in writing within six months following notification by the Company.

**NOTE:** These kinds of coverage restrictions are generally intended to apply for an indefinite period. However, in the case of a medical procedure exclusion, after the exclusion has been in effect for a minimum of six (6) months, the insured may request consideration for removal of the exclusion upon furnishing satisfactory evidence of retraining or other appropriate medical testimony. Such a request may only be made once in any twelve (12) month period.



**I. PHYSICIAN CLINIC**

**A.** The qualifications for coverage as a physician clinic are as follows:

1. The physician clinic must consist of two (2) or more physicians.
2. The physician clinic must be one of the following; i.e., a partnership, medical corporation, limited liability company, limited partnership, joint venture, association or other legal entity. All partners, officers, directors, shareholders, employees, members or potential ADDITIONAL NAMED INSUREDS of the physician clinic must be Doctors of Medicine or Doctors of Osteopathy.
3. The physician clinic must consist of a primary location domiciled in the State of Illinois:
  - a. where professional services are rendered to patients; and,
  - b. where administrative functions are undertaken (appointments, billing, patient records, etc.)

Satellites or branch facilities are acceptable to the extent they are both financially and medically controlled by the primary location and are practicing as a part thereof.

4. The physician clinic must hold itself out to be a clinic engaged in the delivery of professional services to patients. Consideration for coverage will be given to the following characteristics:
  - a. length of time entity has operated as a physician clinic;
  - b. degree of medical specialization;
  - c. stability of members and locations;
  - d. reputation and standing within community served;
  - e. hospital where physicians have admitting privileges;
  - f. degree of patient sharing;
  - g. profit sharing and other defined benefits available;
  - h. how entity holds itself out to the public; i.e., promotional materials, advertising, sign on the door, etc.;
  - i. minimal use of independent contractors.

## APPENDIX IV

### I. PHYSICIAN CLINIC (Cont'd.)

#### B. (Cont'd.)

2. Increased aggregate limits may be purchased. For each additional limit, an additional premium of 1% of the aggregate physician clinic entity and Allied Health Personnel premiums will be charged.

#### C. The premium shall be the sum of:

1. the rate applicable to each ADDITIONAL NAMED INSURED'S specialty, limits of liability which appears on the rate schedule in **Appendix I**;
2. plus, the rate applicable to the entity noted in **Appendix II**;
3. plus, the appropriate per person rate for each Allied Health Personnel whose rate appears on the rate schedule in **Appendix I**;
4. minus, any loss-free discount applicable to any ADDITIONAL NAMED INSURED;
5. plus or minus, any applicable debit or credit as specified in paragraph D;
6. plus, any established surcharge;

#### D. The following credits/debits are available to the physician clinic:

1. A Scheduled Rating Debit (up to a maximum of 100%) or Credit (up to a maximum of 50%) may be applied according to the following schedule:

		<u>Range</u>	
		<u>Debit</u>	<u>Credit</u>
Loss Experience	50%	to	100%
Premises-condition, care	5%	to	5%
Specialty balance	8%	to	8%
Employees-selection, training, supervision, experience	5%	to	5%
Risk Management Program	10%	to	10%
Unusual Risk Characteristics	15%	to	15%

2. The combination of schedule rating and loss-free discount may not exceed a 69.5% credit.

## APPENDIX IV

### II. FULL TIME EQUIVALENT RATING (FTE)

- A. A FTE rating policy is only available to single specialty clinics or groups, or attached by way of endorsement to any type of policy.
- B. A FTE rating is based on a certain identifiable pricing mechanism (i.e., "per-patient" encounters, "per procedure", "total revenues" or "total hours") in which to assess a premium charge to an entity.
- C. FTE premium is based on the full-time rate of the specialty presented.
- D. FTE premium is **not** subject to a premium reduction because of:
  - 1. Suspended Coverage;
  - 2. Newly Practicing Physician Discount;
  - 3. Part-Time Rating.
- E. The limit of liability applied to a FTE policy is as follows:
  - 1. If the entire group is rated on a FTE basis (i.e., ER Group) each physician has a separate "each person" limit.
  - 2. If a FTE endorsement is attached to a standard policy, then all participants, subject to the endorsement so insured share in the "each person" limit of liability.

## **APPENDIX V**

### **I. PHYSICIAN GROUP RATING DEVIATION**

**A.** The qualifications for coverage under the Physician Group Rating Deviation shall be as follows:

1. The physician group must consist of two (2) or more physicians.
  1. Who are permanently licensed in Illinois; and
  2. Whose medical practice is performed primarily in the State of Illinois for or on behalf of the physician group.
2. The physician group may be one of the following:
  - a. a physician with an employed physician(s) and/or a contracting physician(s); or,
  - b. a partnership, medical corporation, limited partnership, joint venture, association, purchasing group, limited liability company or other legal entity. All partners, officers, directors, shareholders, employees, members or individuals must be Doctors of Medicine or Doctors of Osteopathy.
3. The physician group must consist of a primary location domiciled in the State of Illinois:
  - a. where professional services are rendered to patients; and,
  - b. where administrative functions for or on behalf of the physician group are undertaken.
4. Insurance for a physician group shall be provided as follows:
  - a. Each physician must be insured separately.
  - b. The entity, as described in subparagraph A-2b of this section, must also be insured separately.

**B.** The limits of liability available to both the individual physician and the entity are either \$1,000,000/\$3,000,000 or \$2,000,000/\$4,000,000. All partners, officers, directors, shareholders, employees or members of the physician group must carry limits of liability at least equal to that of the entity described in subparagraphs A-2 and A-4-b.

## **APPENDIX V**

### **I. PHYSICIAN GROUP RATING DEVIATION (Cont'd.)**

- E.** In the event a physician group falls below the minimum number of required physicians; i.e., less than two (2), the physician group shall have six (6) months in which to correct such deficiency. Failure to correct such deficiency within six (6) months shall be grounds for eliminating the applicability of all credits or debits described in paragraph D of this section.